



United States drops drastically in Economic Freedom of the World Index

By Kelsey Osterman /// September 19, 2012

The United States has experienced a drastic decline in economic freedom from 2000 to 2010 according to report released Tuesday by libertarian think tank the Cato Institute.

The Economic Freedom of the World Index report, which is based on data from 2010, states the U.S. reached an all-time low in economic freedom in 2010, ranking 19 out of the 144 nations studied. In 2000, the U.S. was ranked second, but slid down during the economic recession and George W. Bush's two terms as president, placing eighth in 2005 and twelfth in 2009. The U.S. continued to drop in status throughout President Barack Obama's first year in office, dropping six spots in one year to 18 in 2010, which is the last year data is currently available for.

This is the lowest the U.S. has ranked in the report since Cato first began publishing it in 1996. According to the report's executive summary, the index "measures the degree to which the policies and institutions of countries are supportive of economic freedom" and is based on the work of famed economist Milton Friedman.

"It is a travesty that our country is spiraling away from the principles that have made us an economic beacon for the world," said Tim Phillips, president of economic freedom advocacy organization Americans for Prosperity, in a press release. "This report shows what many fiscal conservatives have known all along, that our long term growth is being threatened because big-government economic policies have grown the size of government, increased regulation and are now reducing our economic freedom and future prosperity."

The average country scored 6.83 on a scale of one to 10 in 2010, up from 6.79 in 2009, but the 2012 report reveals that many first-world countries have struggled with how to respond to the global economic recession while maintaining economic

freedom domestically. Since Obama took office in 2009, the U.S. had its largest single drop in the standings, scoring 7.69 in 2010 versus 7.71 in 2009.

Little known countries such as Bahrain and Mauritius ranked higher than the U.S. in 2010, while Hong Kong has retained the top spot in the world standings. Singapore, New Zealand, Switzerland and Australia are also among the top five. Surprising, nearly every first-world country scored worse than one would expect of a modern democracy in 2010, with the United Kingdom ranking 12, Japan 20, Germany 31 and Italy, 83. Perhaps less surprisingly was that France ranked 47, Russia 95 and China 107.

Clearly, drastic changes need to occur in U.S. economic policy to cease this downward trend. However, with Congress at a stalemate and the future of the elected officials in the legislative and executive branches currently uncertain, positive changes are not likely to occur this year.